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EDIC/M-11
Control No. 2183
23 September 1955

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 11th Meeting

10:00 a.m., 16 September 1955

PRESENT

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[REDACTED] CIA, Chairman
CIA

Lt. Col. Brown OSD
Col. A. H. Wait, OSD
Mr. Hamilton, AFOIN
Mr. Wood, G-2
Miss Dimock, ONI
Mr. Tilson, MDAC
Miss Worthing, State/OIR
Mrs. Young, State/ECD
Mr. Shavell, Commerce

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[REDACTED] CIA, Acting Executive Secretary

1. Review of Third Annual Progress Report of EDIC (EDIC/R-2)

Action:

The Third Annual Progress Report of EDIC was approved for submission to the Intelligence Advisory Committee, subject to a number of agreed changes. (EDIC/AM-15, 23 September 1955)

2. Pending Bloc Shipbuilding Orders (EDIC Case 5)

Action:

EDIC/ID-16 will be revised by CIA to provide a more specific breakdown of countries in Tables 4 and 4a as suggested by MDAC. ONI will submit an amendment to be included in the revised report.

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3. Strategic Significance of Boron Substances as High Energy Fuels
(EDIC Case 8)

EDIC/ID-15 (Revised), prepared by the EDIC Ad Hoc Working Group on Boron Compounds, was distributed.

Action:

The Chairman announced that if no comments were received from EDIC members by Wednesday, 21 September, the paper would be considered to be approved and would then be forwarded to the Joint Operating Committee of EDAC.

4. Intelligence on Trade in Decontrolled Commodities (EDIC Case 9)

Discussion:

Miss Worthing reported that OIR is preparing an analysis of decontrolled commodities from official trade statistics. OIR has done nothing further on the problem of special reporting requirements for decontrolled commodities. The OSD representative reported that Defense personnel in MDAP plants have a very limited capability for reporting trade data. It was suggested by MDAC that EDIC might consider the subject of statistical reporting in general.

Action:

The Committee agreed to request Commerce for a briefing on the compilation of statistical trade data.

The Committee also agreed to establish a Subcommittee on Trade in Decontrolled Commodities, including representatives from State (Chairman), CIA and Commerce, with a Defense Department observer. The Chairman announced that nominations for the subcommittee should be telephoned to the Executive Secretary by Friday, 23 September.

5. Exports of Capital Equipment and Industrial Materials from the Soviet Bloc (EDIC Case 10, EDIC/ID-13, Suppl. 1)

Action:

A revised paper will be produced by CIA and coordinated with appropriate agencies.

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6. Possible Soviet Bloc Use of Magnesium as Fuel (IR-13)

Action:

The Committee agreed to establish an Ad Hoc Working Group on Magnesium, consisting of representatives from OIR, OSD, ONI, G-2, Commerce, AFOIN and CIA (Chairman). The purpose of the group would be to explore technical and intelligence data, returning recommendations to EDIC. Defense was charged with special responsibility for exploring the technical data.

7. Possible transshipment of US-origin Ferrotitanium and Ferrovanadium from Western Europe to the Soviet Bloc (IR-14)

Action:

It was agreed that CIA and Commerce should investigate further the availability of information on this subject and report back to EDIC.

8. Soviet Bloc Sales of Gold in Free World Markets (IR-15)

Action:

It was agreed that CIA would assume responsibility for the project in consultation with Treasury. Reports will be issued semiannually, subject to MDAC concurrence as to the time-period. Special reports will be issued should there be developments of unusual interest.

9. Request for Bilateral French-US Exchange of Economic Defense Information (IR-16)

Discussion:

It was proposed by MDAC that the exchange of information be limited to enforcement cases. MDAC suggested that other useful data might include reports which support the US policy for retention of China controls, such as a report on the difficulties which Communist China is experiencing in getting differentially controlled commodities from the Free World by transshipment.

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Action:

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The Committee noted that CIA was already working on the selection of cases which were considered to be suitable for presentation [REDACTED] These cases will be submitted to the DCN. It was agreed that for the present the information on enforcement cases would be considered as satisfying the request on EDIC.

10. Collection Requirements

Discussion:

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[REDACTED] stated that CIA had been requested by State to make suggestions for a new classified supplement to the Foreign Service Manual containing reporting instructions on economic relations with the Sino-Soviet Bloc. These instructions would supplant ERC 34 of 28 March 1952. The CIA member suggested that EDIC should review this problem.

Action:

It was agreed that CIA and OIR should confer on the need for re-establishing a Collection Requirements Subcommittee or Ad Hoc Working Group to undertake this project.

11. Report on Intelligence Support of Position Papers for Foreign Ministers' Conference

Discussion:

The Chairman reported on current CIA research in preparation for the Foreign Ministers' Conference. This research includes two studies, one on comparative costs and the other on the strength of Bloc demand for IL-I items.

Defense suggested that EDIC should review any EDAC proposals for changes in the present criteria for the China List Review. The Chairman commented that a major consideration would be the transportation cost of commodities going to Communist China. In this connection Miss Worthing announced that OIR is currently working on a report on the movement of POL to China.

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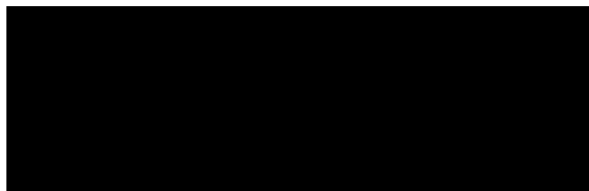
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12. The Chairman announced that [REDACTED] will be the CIA member of EDIC.

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C - (1-3, 5)

D - (All)

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